

GUIDELINES FOR WAGE LEVY PROCESSING

Q. What do I do if the employee doesn't work for my company?

A. If the levy is for a former employee, return the levy with a note indicating the taxpayer does not work for you. Please show the last day of employment and list the taxpayer's new employer if you know. If the taxpayer never worked for you, return the levy with a note indicating the taxpayer is not an employee.

If the employee is laid off, please return a copy of the levy with a note indicating when the layoff began and when the taxpayer is expected to return. The levy will still be effective when the employee returns to work.

Q. Do I send my employee's total earnings to the Finance and Administration Cabinet?

A. No. The levy payment will come from the employee's net wages after allowable deductions for federal, state and local income tax, Social Security, health insurance, court-ordered child support, prior levies from the Internal Revenue Service, and prior garnishments. In addition to these deductions, the employee is allowed to keep \$125 of his or her wages a week and \$60 per week for each dependent listed by name and age on the statement of personal exemptions attached to the levy. A table to help you convert the weekly exemption rate to daily, bi-weekly, semi-monthly, or monthly pay periods is enclosed with each levy.

Q. Are levies from the Internal Revenue Service and garnishments always considered allowable deductions?

A. No. A garnishment or IRS levy is an allowable deduction only when it is received before the Finance and Administration Cabinet's levy is served.

Q. What do I do when there is nothing to attach because the employee's deductions and exemptions exceed his or her income?

A. Return a copy of the levy to the Department of Revenue with a note indicating the taxpayer is employed, but his deductions and exemptions exceed his income. Be sure to return the completed statement of personal exemption with the levy.

Q. Is the levy released if my employee's deductions and exemptions exceed his or her income?

A. No. The employee may earn enough at a later time for you to send a payment to the Finance and Administration Cabinet. For example, the employee may receive a bonus or pay increase because of overtime or more regular hours worked. This income is subject to the prior levy.

Q. When do I begin attaching wages?

A. The levy attaches wages, salary, and income as soon as you receive it. However, you must give the employee a reasonable amount of time to complete the statement of personal exemptions and return it to you.

Q. What if the employee is paid a commission?

A. Commissions are subject to attachment and are handled exactly like any other type of income.

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- Q. Does the levy attach bonuses and vacation or sick pay?
- A. Yes. The levy attaches all payments your company makes to the employee, whether they are for regular wages, vacation pay, sick leave, or bonuses, etc. If these are paid in addition to regular wages, the employee is entitled to the allowable exemption only on regular wages.
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- Q. If I receive Finance and Administration Cabinet levies on two or more employees, can I send only one check to cover the combined attachments?
- A. No. To ensure proper processing, you should remit a separate check for each employee.
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- Q. If I receive levies on a husband and wife who both work for my company, how do I compute their exemptions?
- A. Each party is entitled to one exemption for him or herself. Exemptions for dependents can be claimed by either party, but only one exemption per dependent is allowed. Both parties cannot claim the same dependent, nor can they claim an exemption for each other.
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Table for figuring the amount exempt from levy on wages, salary and other income.

| PAY PERIOD | Personal exemptions without dependents | Exemptions with Dependents | | | | | | | | | |
|--------------|--|----------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| DAILY | \$18 | \$27 | \$36 | \$45 | \$54 | \$63 | \$72 | \$81 | \$90 | \$99 | \$108 |
| WEEKLY | \$125 | \$185 | \$245 | \$305 | \$365 | \$425 | \$485 | \$545 | \$605 | \$665 | \$725 |
| BI-WEEKLY | \$250 | \$370 | \$490 | \$610 | \$730 | \$850 | \$970 | \$1,090 | \$1,210 | \$1,330 | \$1,450 |
| SEMI-MONTHLY | \$271 | \$401 | \$531 | \$661 | \$791 | \$921 | \$1,051 | \$1,181 | \$1,311 | \$1,441 | \$1,571 |
| MONTHLY | \$542 | \$802 | \$1,062 | \$1,322 | \$1,582 | \$1,842 | \$2,102 | \$2,362 | \$2,622 | \$2,882 | \$3,142 |

Levy payments are figured as follows:

- Determine all *non-voluntary deductions that have been made from gross wages.
- Determine net wages to be paid after non-voluntary deductions have been subtracted.
- Determine number of exemptions employee claims.
- Determine frequency of pay period.
- Match pay period column to exemption column.
- Figure in box represents amount of income employee will receive from net wages for that pay period.
- Remaining income afterwards will represent the levy amount to be sent to the Finance and Administration Cabinet.

*non-voluntary deductions = child support, garnishments, etc.